

Idaho Legislative Audits  
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## Southeastern District Health Department (VI)

### Audit Report

Issued: October 4, 2004  
Fiscal Year: 2002 and 2003



## ***EXECUTIVE SUMMARY LEGISLATIVE AUDITS***

### **SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)**

**PURPOSE AND SCOPE.** We have audited the financial statements of the Southeastern District Health Department (VI) for the fiscal years ended June 30, 2002 and 2003, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine if the District's financial statements are materially accurate and reliable, and that the District complied with laws and regulations affecting fiscal operations.

**CONCLUSION.** We conclude that the District's cash basis financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the District's financial statements.

**FINDINGS AND RECOMMENDATIONS.** This report includes two findings and recommendations, which are summarized below.

**Finding #1.** Internal controls over the computerized receipting system are inadequate.

The Family and Community Health Division provides immunizations, screenings, education, counseling, and other health related services. After clients receive services, they are directed to the intake counter to make payment, make a donation, and/or arrange to be billed at a later time.

The District's procedures lack some key controls that would help ensure money is not misappropriated. The following control weaknesses should be improved:

1. Employees do not always use their personal user login and password when entering information into the District's computerized receipting system.
2. All employees have access to the system and can change or delete client visit information, receivables, or change what happened during a client visit, without supervisor approval.
3. An intake supervisor stated that a client's records showed vaccines were administered, but the information was not entered into the computerized receipting system.
4. Computerized reports, available to monitor changes to the electronic records, are currently not being used.

5. No review is made of changes to transactions or accounts receivable adjustments.

**We recommend** that the District improve internal controls over receipts by:

1. Requiring employees to use their own personal computer logins and passwords.
2. Requiring supervisor review and approval of all changes and adjustments.
3. Documenting noted discrepancies and informing upper level management.
4. Using computerized reports to monitor changes in client records and accounts.
5. Reviewing transactions and account receivable adjustments and deletions.

**Finding #2.** Lack of monitoring over some contracts between the District and the Idaho Department of Health and Welfare resulted in \$18,320 being over billed and unissued food vouchers not being voided in a timely manner.

The District received more than \$4,300,000 from the Idaho Department of Health and Welfare through 65 different contracts during the audit period. Noncompliance with contract requirements was noted in three of the contracts for three separate federal grants.

For one contract, the District was reimbursed \$9,320 more than costs incurred. Under a second contract, the District was paid \$9,000 for reporting information to the Department; however, there was no documentation to support the cost of preparing the reports. Both contracts specified that reimbursements were to be for actual costs incurred, not to exceed the contract amount.

The third contract, for the Women, Infants, and Children grant, required that food vouchers be voided by the last day of the month or within seven days, whichever is shorter, when the vouchers are not picked up by the client. In a January 2003, Department of Health and Welfare reviewed the program and recommended that the vouchers be voided. As of June 2004, the District had not voided the unissued vouchers as required.

**We recommend** that the District improve contract monitoring to ensure compliance with all contract requirements. **We also recommend** that the District talk with the Idaho Department of Health and Welfare regarding the disposition of the overdrawn funds.

**PRIOR FINDINGS AND RECOMMENDATIONS.** There were no findings and recommendations in the prior report.

**AGENCY RESPONSE.** The District has reviewed the report and is in general agreement with its contents.

**FINANCIAL SUMMARY.** The District receives its funding from a General Fund appropriation, federal grants, county funding, and fees for services. The cash basis financial operation of the District for fiscal years 2002 and 2003 follows.

**Public Health Trust Fund**  
**Fund 0290 – Cash Basis Financial Statement**

	<b><u>FY 2002</u></b>	<b><u>FY 2003</u></b>
General Fund Appropriation	\$1,396,592	\$1,271,601
Federal Grants	2,110,942	2,708,406
County Grants	933,464	897,536
Fees, Donations, and Miscellaneous Revenue	<u>2,896,817</u>	<u>2,470,579</u>
Total Receipts	<u>\$7,337,815</u>	<u>\$7,348,122</u>
Less:		
Personnel Costs	\$5,026,458	\$4,953,577
Operating Expenditures	1,759,897	1,587,403
Capital Outlay	<u>181,299</u>	<u>50,399</u>
Total Disbursements	<u>\$6,967,654</u>	<u>\$6,591,379</u>
Cash Increases (Decreases)	\$370,161	\$756,743
Beginning Cash Balance (Restated 2002)	<u>2,823,676</u>	<u>3,193,837</u>
Ending Cash Balance	<u><u>\$3,193,837</u></u>	<u><u>\$3,950,580</u></u>

**Idaho Millennium Income Fund**  
**Fund 0499 – Cash Basis Financial Statement**

	<b><u>FY 2002</u></b>	<b><u>FY 2003</u></b>
State Grants and Contributions	<u>\$69,001</u>	<u>\$70,091</u>
Total Receipts and Contributions	<u>\$69,001</u>	<u>\$70,091</u>
Less:		
Personnel Costs	\$47,290	\$45,641
Operating Costs	<u>21,650</u>	<u>24,005</u>
Total Disbursements	<u>\$68,940</u>	<u>\$69,646</u>
Cash Increases (Decreases)	\$61	\$445
Beginning Cash Balance	<u>0</u>	<u>61</u>
Ending Cash Balance	<u><u>\$61</u></u>	<u><u>\$506</u></u>

**OTHER ISSUES.** In addition to the findings and recommendations, we discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Southeastern District Health Department (VI) and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We thank the director, Edward Marugg, and his staff for their assistance and cooperation given to us during this audit.

**QUESTIONS CONCERNING THIS AUDIT SHOULD BE DIRECTED TO:**

Ray Ineck, CGFM, Supervisor, Legislative Audits

Eugene Sparks, CPA, CGFM, Managing Auditor

Report OP95603

For a copy of the entire audit report , contact Legislative Services Office, Audit Division, State Capitol Building, 700 W. Jefferson Street, P.O. Box 83720, Boise, Idaho 83720-0054, or call 208-334-3540.
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